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Ford bets millions on new car in Brazil

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — Ford Brasil will invest more than $100 million during the next two years to tool up and expand an assembly plant near here to build a new subcompact sedan based on the Escort platform.

The car is currently without a name but is known within the company as the Nevada, according to market sources, who described it as "a modified Orion." The Orion is a sedan version of the Escort sold in Europe.

Wayne Booker, Ford Brasil president, and Agostinho Gaspar, director of governmental relations, were in Brasilia, the nation's capital, Aug. 28 to present the company's plans to government officials. The next day, Ford announced that the government had approved the program.

The new model will use the 1.6-liter engine available in the Escort hatchback currently sold in Brazil, sources said. The car will be produced alongside the Escort in the Sao Bernardo plant near Sao Paulo. Annual production is projected at 50,000.

The Nevada is expected to debut in Brazil as a 1989 model. Like the Orion in Europe, the car will be offered in two-door and four-door versions. The former is fundamental in Brazil, where there is an overwhelming market preference for two-door cars.

In part, the Nevada will fill the gap left in Ford's product line by

see BRAZIL, page 37

AUTOMOTIVE NEWS-JOE WILSON

GM, Chrysler move to 2.9 and 2.4% in loan-rate battle

By Edward Lapham and Jenny King
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors answered the question "How low can you go?" by slapping a 2.9 annual-percentage-rate incentive on more than one million cars and trucks Aug. 28. Not to be outdone, Chrysler Motors responded the next morning with a lower-than-low 2.4 percent rate on certain models.

The GM program, called "the Big One," replaces and expands on the plan launched July 1. The new one runs until Oct. 8, offering 2.9 APR 36-month or 4.8 APR 48-month GMAC loans to approved customers on all 1986-model cars, and most light trucks, still in inventory.

Cash rebate options range from $300 to $1,500, depending on model. The $300 cash allowances cover GM's subcompact cars; the $1,500 awards are on the restyled high-inventory E-bodies.

GM also delayed its entire 1987 model introduction until Oct. 9. The new models had been scheduled for introduction on Sept. 25.

The Chrysler plan, with the lowest financing rate in the history of the industry — at least as of Friday — runs Aug. 29 through Oct. 12 and covers all 1986 North American-built cars and trucks, except Dodge Caravan/Plymouth Voyager, Dodge Mini Ram Van, Dodge Dakota, Dodge Shadow/Plymouth Sundance and the 1987 America models. It also covers 1987-model Charger/Turismo, Diplomat, New Yorker and Fifth Avenue models and all 1986 Colts.

Chrysler Credit Corp. loans are available to approved customers at 2.4 percent financing for 24 months, 3.6 percent for 36 months, 4.8 percent for 48 months and 9.9 percent for 60 months. Customers can instead take rebates ranging from $400 to $1,500.

The GM program made waves far and wide. Ford Motor Co. President Harold Poling, in Hollywood last week for the 1987 Lincoln-Mercury dealer introduction, said that as much as the No. 2 domestic

see INCENTIVES, page 38

CHARLOTTE WINTER

Top designers on the move across Europe

By Giancarlo Perini
STAFF CORRESPONDENT

COLOGNE, West Germany — For about two years, top designers have been deserting the studios of Ford of Europe and Adam Opel AG.

At least 18 designers have left Ford for Chrysler Corp., American Motors, Volkswagen AG, BMW, ItalDesign, Porsche AG and Audi AG.

The two chief designers working with Uwe Bahnsen, Ford of Europe's vice president of design, moved to Chrysler (Trevor Creed) and Volkswagen (Patrick le Quement).

They had been Bahnsen's right-hand men. Following their move, two of Bahnsen's executive designers, Alan Jackson and Tom Scott, departed.

Jackson joined le Quement at VW, and Scott became the head of design for AMC.

Adding to the turnover are several other Ford executive designers who left the Cologne, West Germany, design and modeling studio for a stint in Dearborn, Mich. A few of Ford's most talented modelers have left, too.

The list of designers who have left Ford of Europe recently is so long that the photo of the Cologne design team — which appeared on a 1985 Ford calendar — seems decades old.

The other American-inspired design center in Germany — Opel — has lost a number of its designers. Chris Bangle, a young American who has been credited with the interior design of the Opel Junior, moved to Fiat Auto S.p.A. in Turin, Italy.

Also leaving Opel were Gert Hildebrand, who joined VW, and Toni Hatter, who moved to Porsche. Nyoji Nagashima left for Renault. Kunisha Itoh went back to Japan some years ago to work with ODS, a research organization.

see DESIGN, page 37

The Cologne design team, as shown on a 1985 Ford calendar. Many of the people are already gone.

Franchises for imports rise 4% to top 20,000

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

The number of imported-car franchises rose again in the first six months of this year, according to the latest Automotive News Imported Car Dealership Survey.

On July 1, there were 20,691 import franchises, an increase of 2.25 percent from 20,235 on Jan. 1, 1986, and an increase of nearly 4 percent from the July 1, 1985, total of 19,897.

Most of the additional franchises were the result of new dealer groups for Acura and Hyundai,

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Itsubishi and Mazda ay buy parts together Page 2
White-collar cutbacks expanding at GM Page 3
New models begin their introductions Pages 40-41

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GM expanding white-collar 'incentive separations'

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

In upcoming weeks, some salaried employees at General Motors will be asked to accept a financial incentive to resign.

GM said last week that in its quest to cut its salaried workforce by 25 percent by 1989, it is expanding an "incentive separation program" throughout its groups, divisions and staffs in the United States and Canada.

Electronic Data Systems Corp. and GM Hughes Electronic Corp., both acquired subsidiaries, are not affected.

A GM spokesman also said that "some activities such as Saturn, Trilby, etc., will increase, while others will be discontinued."

GM would not specify which activities would be discontinued. Saturn and Trilby are the company's new small-car manufacturing subsidiary in Spring Hill, Tenn., and its manufacturing and design think-tank.

Although GM would not say what the financial incentives would include, workers were reporting offers of up to 20 months' salary and six months' of health care benefits if they quit.

Salaried employees who are asked to accept an incentive to resign may decline the offer, a GM spokesman said.

GM employs 133,000 salaried workers in the United States and 9,000 in Canada.

GM said the move was made as part of its annual model-year budget review and is "consistent with its long-range business planning." The company's executive committee met Aug. 21 to establish guidelines for salaried staffing and job reductions.

"While much of the reduction can be accomplished by normal attrition, the expanded separation program will provide more flexibility in achieving reductions as new business systems are implemented," the company said.

The No. 1 automaker has faced criticism in recent weeks for its high cost structure.

Maryann Keller, an auto industry analyst for Furman Selz Mager Dietz & Birney, speaking in Detroit recently, attacked what she called GM's "undisciplined reorganization." Keller charged that it has resulted in a collection of "empires" — the Chevrolet-Pontiac-Canada Group, the Buick-Oldsmobile-Cadillac Group, the Truck and Bus Group, component products and central office.

"GM has not trimmed down as promised in the reorganization and has added to the bureaucracy," Keller said. "Productivity at Ford and Chrysler has continued to rise, while GM's corporate reorganization, vast expenditures on new plants and acquisitions have added staff and strangled efficiency."

GM, however, is not the only domestic automaker seeking to trim its salaried payroll.

Ford Motor Co. has indicated it will cut its white-collar workforce by at least 25 percent by the end of the decade.

Chrysler Corp., which made sizable cuts in salaried ranks during its brush with bankruptcy several years ago, has also indicated that its business plan calls for some reduction in salaried manpower through attrition.

Six keep hands-on approach
Tamaroff Acura, in East Detroit, Mich., co-sponsored a marathon contest to benefit the Muscular Dystrophy Association. Contestants donated $100 to enter. After 48 hours, six contestants out of 21 were still in the running. The last person to maintain bodily contact with the Acura wins the car.

Sterling name nearly settled; Jan. debut set

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Raymond Ketchledge: "We believe we've got all the elements in place."

Raymond A. Ketchledge, president of Austin Rover Cars of North America, said his company is prepared to introduce the Sterling luxury sedan in the United States in January with 96 percent of its dealer network in place and a legal skirmish over the car's name nearly settled.

"We believe we've got all the elements in place — an extremely receptive market climate, a good product and an organization to distribute and sell the product," said Ketchledge, who heads the Miami company which will import and distribute the Sterling, the U.S. version of the Rover 800.

ARCONA will import two versions of the British-built Sterling and distribute them to 145 dealers in 32 states. The Sterling is the U.S. version of the Rover 800 and is a product of the joint venture between Britain's Austin Rover Group and Japan's Honda Motor Co.

The Sterling will feature a Honda 24-valve, V-6 engine and a body designed by the Austin Rover Group. Approximately 35 percent of the content will be Japanese. One of the Sterling models will be a high-end car priced between $20,000 and $25,000. The other will be the basic model with a $19,000-to-$20,000 price tag.

Ketchledge said that the recent challenge by London Coach, of Mount Clemens, Mich., over the rights to the Sterling name is being negotiated. ARCONA claims London Coach, an assembler of taxi kits, did not have a trademark for the name. The U.S. Patent Office has not yet given ARCONA the trademark, but Ketchledge said he is confident that his company will receive the rights to the name.

The Austin Rover-Honda venture also will produce and distribute Honda's Acura Legend in Europe. The Legend is being built alongside the Sterling in ARG's plant in Cowley, England; the Rover 800 will be built alongside the Legend in Japan. Honda already distributes the Acura Legend in the United States.

Ketchledge said ARCONA will not follow the marketing strategies of other makers of European luxury cars. Sterling's luxury features and styling will be emphasized over performance, he said.

"We figure everyone is trying to be BMW," he said.

Austin Rover is stepping carefully into the American marketplace after a seven-year absence from the United States and a disappointing U.S. sales record. There is also the issue of quality problems that affected many Austin Rover models in the past.

As a quality measure, every Sterling will be test driven at least 25

see STERLING, page 37

Ford invited to buy up Beneficial; analysts predict more acquisitions

By Dave Zola
AUTOMOTIVE NEWS STAFF WRITER

Ford Motor Co.'s interest in Beneficial Corp., a consumer finance company specializing in home mortgages, may go far beyond its quest for diversification.

The purchase of Beneficial could enable Ford to offer future buyers alternative forms of car financing.

Ford last week confirmed it was approached by First Boston Corp., a New York investment firm, about the possible purchase of Beneficial.

Beneficial, which is expected to lose money this year due to its troubled reinsurance business, said in an Aug. 21 letter to stockholders that it was seeking a buyer.

The Delaware-based firm, specializing in consumer financing, has assets of $9 billion. It has 1,100 offices in the United States, the United Kingdom, Canada and West Germany.

In 1985, Beneficial reported net profits of $101.2 million and outstanding loans of $6.1 billion. Analysts said Beneficial is worth about $1.5 billion.

Ford has made it known it wants to continue expanding its financial service operations under Ford Credit. Last year, Ford spent an estimated $593 million in acquiring First Nationwide Financial Corp., then the nation's ninth largest savings and loan association.

"Financial services are starting to be important to the bottom line for Ford," said Doug Laughlin, auto analyst with Dean-Whitter-Reynolds. "I'd have to believe they are going to take a look at other acquisitions."

Ford Credit posted record profits of $441 million in 1985, and had assets of $24 billion at year's end.

"Ford has $7 billion in cash it would like to deploy in order to diversify," said Gary Glaser, an analyst with First Boston. "They certainly have the ability to make acquisitions."

Analysts said Beneficial's expertise in home mortgages could be valuable to Ford in light of proposed changes to federal tax laws that would limit allowable deductions on most interest payments. Home mortgage interest would remain fully deductible under the tax reform plan, making a home loan a potentially attractive way to fund a new-car purchase.

"Beneficial has a substantial presence in the second mortgage field," Glaser said. "That could prove helpful to auto lending institutions in the future.

"With changes in the tax laws, (consumers) in the position to might opt for a second mortgage as a way to finance big ticket items, like new car purchases."

Also, a company with an expansive service network like Beneficial's could be an asset if Ford issues its own credit card, as has been discussed.

"Beneficial has a wider base of operations geographically than First Nationwide," said Glaser. "It seems logical that Ford would want to make use of that network."

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2 new imports for L-M to boost sporty image

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Two imports coming next March will add most of the new flavor for 1987 as Lincoln-Mercury Division seeks a young, sporty image more distinct from Ford Division.

L-M is becoming increasingly dependent on imports. It will have three models from two continents in 1987, and a Japanese-designed, Michigan-assembled "transplant" is due the following year.

Scorpio, a $20,000-$25,000 "executive-class sports sedan" designed and built by Ford of Germany, will become the second Merkur branded line. The Mercury Tracer, expected to go on sale in March, 1987, as a 1988 model, will be imported from Ford's assembly plant in Hermosillo, Mexico.

Tracer is designed by Ford's Japanese partner, Mazda Motors. The four-door hatchback shares its mechanical platform with the Mazda 323, but has different sheet metal. It will be marketed as the "most complete car in its class" with a high level of standard features, said L-M General Marketing Manager Edsel Ford II at a dealer preview here.

see FORD, page 38

SALES

Car sales 'average' in mid-August but climb 11 percent to 201,521

By Jenny L. King
AUTOMOTIVE NEWS STAFF REPORTER

Mid-August domestic new-car sales were average for the period, compared with earlier years.

The 22,391-unit daily selling rate was up from 19,010 the first 10 days, but off from last year's Aug. 11-20 rate of 22,556 just before big domestic incentive programs took over the market. There were nine selling days in the period this year, compared with eight in 1985.

In a straight numbers comparison, Aug. 11-20 sales were up 11.68 percent, to 201,521 from 180,446 a year earlier. American Motors was the only domestic manufacturer to slip behind a year ago. AMC fell 48.15 percent, to 1,400 from 2,700 (down 53.85 percent on a daily-rate basis).

Chrysler Motors, which has earned more than 13 percent of the domestic car market since June 1, was up 23.83 percent, to 31,388 from 25,348 (Chrysler was up 10.07 percent on a daily-rate basis).

Ford Motor Co. was up 35.29 percent, to 53,935 from 39,865 (up 20.27 percent, daily rate). General Motors reported sales of 107,163 new cars, up 0.78 percent from 106,333 (down 10.42 percent, daily rate).

Volkswagen was up 25.04 percent, to 2,242 from 1,793 (up 11.16 percent, daily rate). Honda reported sales of 4,154 Accords and Civics built in Marysville, Ohio, up 13.40 percent from 3,663 Accords a year ago (up 0.87 percent, daily rate). Nissan was up 66.53 percent, to 1,239 from 744 (up 48.39 percent, daily rate).

Ford and Chrysler made impressive gains in market shares during the mid-August period. Ford climbed to 26.76 percent from 22.09 percent. Chrysler earned 15.58 percent, up from 14.05 percent. GM dropped to 53.18 percent from 58.93 percent.

AMC was down to 0.69 percent from 1.50 percent. VW claimed 1.11 percent, up from 0.99 percent. Honda had 2.06 percent, up from 2.03 percent, and Nissan climbed to 0.62 percent from 0.41 percent.

Sales by make included a 66.53 percent year-to-year increase for Nissan. Ford was up 45.93 percent; Plymouth, 32.33 percent; Dodge, 28.28 percent; Volkswagen, 25.04 percent; Mercury, 24.93 percent; Honda, 13.40 percent; Chrysler, 11.14 percent; Oldsmobile, 5.32 percent; and Lincoln, 3.35 percent.

Renault was off 50 percent; AMC Eagle, 33.33 percent; Cadillac, 5.46 percent; Buick, 2.18 percent; Chevrolet, 1.57 percent; and Pontiac, 1.46 percent.

Calendar-year sales remained below the 1985 level, down 2.75 percent to 5,142,246 from 5,287,568.

Ford Escort/EXP, at 11,176 units, was the top-selling nameplate in mid-August. Following were Chevrolet Celebrity, 9,435; Oldsmobile Cutlass Ciera, 8,351; Oldsmobile 88, 7,895; and Chevrolet Nova, 7,462.

DOMESTIC SALES

	Aug. 11-20, 1986	Aug. 11-20, 1985
Renault		
Alliance-Encore	1,200†	2,400†
AMC	200†	300†
AMERICAN MOTORS	1,400†	2,700†
Chrysler	9,336	8,374
Plymouth	9,083	6,864
Dodge	12,969	10,110
CHRYSLER CORP.	31,388	25,348
Ford	36,606	25,085
Mercury	13,678	10,957
Lincoln	3,951	3,823
FORD MOTOR CO.	53,935	39,865
Buick	18,108	18,511
Cadillac	6,817	7,211
Chevrolet	37,535	36,956
Oldsmobile	26,163	24,841
Pontiac	18,540	18,814
GENERAL MOTORS	107,163	106,333
VOLKSWAGEN	2,242	1,793
HONDA	4,154	3,663
NISSAN	1,239	744
U.S. INDUSTRY TOTAL	201,521	180,446

†—Estimate

U.S. IMPORT SALES

ACURA	4,458	0	17,405	0
Integra	2,494	0	9,965	0
Legend	1,962	0	7,440	0
ALFA ROMEO	1,005	263	3,671	2,651
AUDI	4,606	7,417	36,912	44,503
4000S	1,140	1,816	8,126	10,482
4000CS Quattro	291	598	2,298	2,519
5000S	2,282	3,929	19,128	24,315
5000CS Turbo	425	812	3,655	4,675
5000CS Turbo Quattro	243	0	1,883	55
Coupe GT	225	341	1,852	2,257
BMW	8,848	7,827	54,651	50,174
318/320	25	2,178	855	14,951
524 TD	238	192	1,535	586
325e	4,899	2,700	33,841	16,934
528/535	2,706	1,643	12,884	10,717
635CSI	232	312	1,802	1,980
735/L-7	550	802	3,873	4,994
CHEVROLET	12,306	7,817	91,720	39,147
Spectrum	7,112	5,341	50,809	28,248
Sprint	5,194	2,276	40,911	10,899
CHRYSLER/MITSUBISHI	11,345	6,281	75,740	48,687
Colt	7,901	5,449	52,788	34,015
Conquest	487	400	3,297	3,150
Vista	2,957	2,432	19,655	11,522
HONDA	32,434	28,082	233,494	230,911
Civic	17,508	11,116	112,029	88,109
Civic CRX	0	2,907	20,418	29,748
Accord	7,533	9,084	57,875	72,846
Prelude	7,393	4,955	43,172	42,208
HYUNDAI	19,690	0	72,086	0
ISUZU	2,082	2,787	16,285	14,473
I-Mark	1,339	1,497	10,496	5,024
Impulse	743	1,290	7,789	9,449
JAGUAR	2,143	1,784	13,649	11,106
XJ6	1,721	1,454	10,918	9,008
XJS	422	330	2,731	2,098
MASERATI	80	88	880	925
MAZDA	16,607	17,229	120,113	103,579
323	5,693	4,909	39,903	24,132
626	6,434	7,501	51,013	47,191
RX-7	4,480	4,819	29,197	32,256
MERCEDES BENZ	6,789	7,706	50,998	51,605
190D	121	317	980	2,120
190E	1,149	2,035	10,252	14,041
190E-16	54	0	697	0
300D	511	1,603	594	10,875
300E	1,694	0	12,922	0
300CD	0	179	37	1,042
300TD	29	389	128	2,104
300SD/SDL	472	728	2,377	4,628
380SE	0	753	0	5,566
420SEL	1,047	0	9,192	0
560SEL	675	720	5,505	4,100
560SL	886	875	6,873	6,212
560SEC	151	107	1,441	910
MERKUR	1,506	933	9,179	3,666
MITSUBISHI	3,434	5,280	27,197	27,161
Starion	332	631	3,302	3,363
Cordia	355	981	2,971	4,637
Tredia	785	1,274	5,549	5,574
Mirage	1,013	1,325	7,160	7,328
Galant	949	1,069	8,215	6,259
NISSAN	50,580	53,558	288,582	305,857
Sentra	20,981	17,965	94,164	104,310
Pulsar	3,649	5,824	28,263	30,828
Stanza	7,921	7,710	35,719	31,024
Maxima	10,184	9,930	66,876	52,433
200SX	3,682	5,416	28,793	40,747
300ZX	4,045	5,658	32,374	41,892
Hawaii	118	1,061	2,393	4,623
PEUGEOT	1,178	1,901	7,716	9,437
PORSCHE	2,979	2,072	17,707	14,305
924S	542	0	1,246	0
944	1,544	1,304	10,445	9,628
911	894	536	4,571	3,275
928	199	232	1,445	1,402
RENAULT	244	489	2,322	4,740
18i	188	204	1,236	1,598
Fuego	56	285	1,086	3,142
SAAB	4,999	3,679	28,979	23,979
900	1,471	1,176	8,846	6,863
900S	1,662	1,005	8,834	7,307
900 Turbo	811	1,328	4,864	9,102
9000 Turbo	946	0	5,933	0
Tourist	109	170	502	707
SUBARU	16,030	15,569	-109,005	94,068
TOYOTA	75,226	68,753	353,006	352,685
Corolla	19,336	19,572	83,852	94,385
Tercel	8,569	10,228	43,129	53,504
Celica	12,115	8,531	63,860	45,802
Supra	4,538	3,102	17,709	15,900
Camry	18,155	12,857	83,166	69,017
Cressida	5,733	558	22,854	1,424
Land Cruiser	439	3,754	2,218	21,550
Van	2,381	380	11,338	3,364
4Runner SR 5	459	3,844	3,739	17,892
MR2	3,092	0	17,511	0
Hawaii	409	525	3,630	4,125
Other	0	0	0	3
VOLKSWAGEN	12,547	13,079	90,125	81,180
Cabriolet	1,233	1,232	9,289	8,058
Jetta	8,114	7,659	59,997	44,817
Vanagon	1,154	1,774	7,502	11,414
Quantum	1,083	1,300	6,495	7,927
Scirocco	963	1,114	6,842	8,964
VOLVO	11,470	10,918	74,893	68,498
DL	4,790	3,963	30,284	26,253
GL	903	1,003	6,191	6,355
GLT Turbo	0	71	0	1,950
DL/GL	0	37	0	1,895
740 Series - Gas	4,542	3,661	28,759	21,340
740 Series - Diesel	164	811	1,505	1,313
760 Series - Gas	1,013	1,118	6,577	6,475
760 Series - Diesel	0	171	0	1,769
Tourist	58	83	1,577	1,148
YUGO	3,020	0	14,870	0
IMPORT TOTAL	305,404	265,392	1,813,385	1,563,537

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Thailand works to boost automotive exports

By Andrew Tank

Thailand's government is making a concerted bid to boost exports of automotive components and production machinery.

TRW — the first major U.S. company to use Thailand as a manufacturing center for auto components — clearly illustrates the potential.

Last December, TRW took a majority shareholding in Fuji-Serina Valve Co., based just outside of Bangkok. The company had been set up three years earlier to make engine valves for the Thai auto market.

At the same time, TRW authorized an investment program of nearly $3 million to build a new forging facility and increase capacity from 1 million to 2.5 million valves annually.

TRW will use that capacity to fill small-lot orders, mostly of around 1,000 pieces. But it will also supply the spare parts and replacement aftermarket in Europe. Business will progressively be transferred from European factories, which then will concentrate on high-volume production runs requiring automated machinery.

Says David N. LaForest, Fuji-Serina's managing director: "Customers in Europe were given a 10- to 15-percent price reduction because of moving the business to Thailand."

TRW's decision is especially interesting, because Fuji-Serina has been consistently unprofitable. That's because Thailand's automakers have not increased the local content of their vehicles as fast as they had once planned to. Fuji-Serina supplies the aftermarket in Thailand, but has failed to win any business from original equipment manufacturers who all continue to receive engine valves as part of a completely knocked down engine from overseas.

LaForest describes the key benefits of being located in Thailand: "The labor rates are very low, but first and foremost the quality of the work force is very high."

He says his employees, whose average age is 22, are diligent, eager to learn and very productive. The absentee rate is only 1 percent, and only 0.5 percent of production has to be scrapped because of poor quality. In the first three years of operation, no product has been returned by a customer.

Pay rates for workers average 60 cents an hour including all fringe benefits. Fuji-Serina enjoys an array of promotional incentives from the Thai Board of Investment, including a five-year tax holiday, duty-free importing of machinery, and assistance in expediting local planning procedures.

Fuji-Serina will increase its work force from 60 to 160 when it starts full-scale production in the third quarter of 1987. LaForest says it will then become a healthy profit center. The company will still pitch for local business, but will be predominantly export-oriented, selling first to Europe, then to neighboring countries and possibly the U.S.

TRW is very much a pioneer, but the Thai government is anxious to attract similar ventures. At present, exports of auto parts from Thailand are small — worth only $12 million in 1985 with a target of $16 million in 1986.

Such figures are dwarfed by the import of $365 million worth of auto products in 1985, mostly from Japan. That imbalance — part of a total trade deficit between Thailand and Japan of $1.6 billion in 1985 — adds urgency to the export drive.

The intent is to highlight the low cost of skilled labor in Thailand and win foreign investment that previously might have gone to other Asian manufacturing centers such as Taiwan, South Korea or Singapore, all of which face rising labor costs with increased affluence.

Explains Chackchai Panichapat, assistant secretary general of the promotional Board of Investment: "We have enough skilled labor, but lack technology, investment and a market. Labor is 20 times cheaper here than in the U.S., so we are trying to promote industries that are labor-intensive and export-oriented."

> "Labor is 20 times cheaper here than in the U.S., so we are trying to promote industries that are labor-intensive and export-oriented."

Chackchai says unskilled workers in Thailand can be hired for 50 cents an hour, skilled machine operators cost less than $2 an hour, and government financial incentives being offered are "comparable if not better than others in the region."

Notes William R. Fothergill, a consultant with Arthur D. Little Inc., who is advising the Board of Investment: "More and more Americans are becoming interested. In the electronics field, Thailand has already attracted firms like AT&T, National Semiconductor, Data General, Signetics and AMD. I sense a lot of momentum building up."

American foreign investment in Thailand totals just over $4 billion, although 75 percent of it is by major oil companies. Japanese investment is still the highest at about $8 billion.

As for exports, many Thai companies sense greater opportunities in the relatively free U.S. market compared to the tightly restricted Japanese ones. This is reflected in the fact that last year the U.S. was Thailand's biggest export market, and Thailand ran up a record trade surplus of $700 million, most of it attributed to exports of agricultural produce.

Despite that imbalance, the Reagan administration is actively encouraging Thailand to promote foreign investment and diversify its exports. Last June, Chackchai led a third promotional tour to the U.S. to outline the advantages of manufacturing in Thailand. The trips were funded by the U.S. Agency for International Development (USAID), which assists friendly, developing countries to promote private sector investment.

Last November, Chackchai led a Board of Investment delegation which visited Big Three automakers in Detroit (*Automotive News*, Dec. 30, 1985). The Board outlined the benefits of subcontracting items with a labor content greater than 20 percent, such as automotive wiring harnesses and seat covers, or which are made in small batches, such as stamping dies or jigs.

Subsequently, Chrysler Corp. purchasing has asked for more information about the engineering industry in Thailand and has supplied a list of items it might like to buy.

Chackchai acknowledges that most such procurement contracts have a long lead-time and major orders are unlikely soon. But he hopes to have Thailand on the agenda when the time comes for major U.S. automakers to review their procurement policies.

Thailand also hopes to win export contracts for assembly machinery that is either no longer made elsewhere or is expensive to make in small volumes.

Three Thai auto parts manufacturers — Chao Auto Parts, Sammitr Motor and Thai-Hino — recently won an order from Toyota to supply $800,000 worth of dies and jigs to Toyota's associate company in Indonesia.

Another Thai firm — Able Autoparts Industries — has sold jigs to Mercedes-Benz, Mazda, Honda and Ford in countries as far afield as Venezuela, Malaysia and Indonesia.

Nissan is studying a proposal to export stamping dies to its affiliates in the Middle East, India, South Korea and Taiwan which will be manufactured in Thailand by Siam Motors Co.

"We face an unemployment problem and have a trade imbalance," Chackchai says. "For the last 20 years, we have emphasized import substitution. In the next development plan we want to develop industry and promote exports of machinery and electronics." ■

WORLD NEWS BRIEFS

CdM boosts exports

Chrysler de Mexico states in its annual report that 1985 sales totaled 84,344 vehicles: 52,336 cars and 32,008 trucks. That's a 54.1-percent increase over 1984. Chrysler exported 13,540 units — 100 percent more than in '84 — producing $511 million. This year's export program will be bolstered by investments of more than $210 million, to be distributed between car, truck and engine plants. About $106.8 million is destined for development and launch of new models. Sales goals for this year are about $1.28 billion, with $766 million representing export income.

Dina's in the black

Mexico's Diesel Nacional (Dina) has released a report revealing in-the-black operations for the first third of this year. Dina's consolidated financial statement through April showed positive operations totaling 3.717 billion pesos (about $5.9 million) — despite a 27-day strike at the beginning of the year. Dina plans to build up exports of parts and engines and to begin exporting assembled trucks.

Chihuahua hits 500,000

Ford de Mexico's four-cylinder-engine plant in Chihuahua hit the half-million mark in mid-June. About 90 percent of the output, according to Ford, was exported to the U.S. and Canada. The Chihuahua plant, built in November 1983, represents an investment of nearly $400 million. Output is 1,350 four-bangers daily.

The Beetle's safe

Wolfgang Sauer, president of Volkswagen do Brasil, said his company will not abandon manufacture of the venerable Brazilian Beetle. He also stated that when the time comes for VW to build new manufacturing facilities, they might well be located outside of Sao Paulo, which is where VWdB is headquartered. Insiders whisper that Sauer is partial to the State of Minas Gerais, which is where Fiat's facilities are located.

New plant for GMdB?

General Motors do Brasil is also thinking of establishing manufacturing facilities in another Brazilian state. Chief on the list are the cities of Porto Alegre, Curitiba, Salvador and Recife.

The tax man cometh

To quash the great consumer demand for new cars, the Brazilian government reportedly is considering a new direct tax on the sale of new vehicles. This undoubtedly would make Brazil the world champion of such a tax, which already stands at 39 percent (compared to 33.3 percent in France, 24.6 percent in Spain, 14 percent in West Germany, 5 percent in Japan, and 4 percent in the U.S.) The government is also thinking about an extra tax on gasoline, because gas consumption has risen 10 percent since the Government's Stabilization Program was instituted.

Peugeot to redo Sochaux

Automobiles Peugeot is going ahead with a five-year $1-billion plan to renovate its 74-year-old plant in Sochaux, France. Plans include rerouting the Allane river, which now bisects the 650-acre site and takes up a lot of valuable space. Peugeot's target is to boost capacity from 1,500 to 1,800 cars per day. It will replace the existing paint shop with a 650,000-square-foot building. The final assembly area will be increased in size from 900,000 to 2,260,000 square feet.

No. 1 in Norway?

Sales of new cars in Norway this year are at an all-time high. After six months, 101,646 passenger cars and 21,671 trucks were sold — 35 percent more than in the same period last year. Ford is still No. 1 with a market share of 13.2 percent, but Toyota is a close second. After six months, Toyota was only 500 cars behind Ford, and for the month of June, Toyota outsold Ford. It's said Toyota is trying to be the first Japanese automaker to hit No. 1 in Norway. Toyota already is the top seller in Denmark and Finland.

NORWAY
New Car Sales

	6 mos. 1986	6 mos. 1985
Alfa Romeo	110	99
BMW	2,915	2,033
Daihatsu	1,214	634
Fiat Auto	3,148	2,985
Ford	14,818	10,796
Honda	2,983	2,033
Lada	1,438	1,189
Mazda	8,441	6,271
Mercedes-Benz	2,274	1,253
Mitsubishi	3,884	2,687
Nissan	6,347	4,486
Opel	12,727	10,409
Peugeot	3,508	2,451
Citroen	1,831	1,358
Talbot	5	198
Renault	694	487
Saab	1,909	1,320
Skoda	208	311
Subaru	1,924	1,051
Suzuki	387	99
Toyota	12,042	8,010
VW-Audi	9,833	9,164
Volvo	8,489	5,910
Total	101,646	75,414

South Africa maintains sales momentum

By Jeremy Sinek

The recent improvement in new vehicle sales in South Africa maintained its momentum in July. Sales of 25,155 cars, trucks and buses were 6.4 percent above June (24,635), which had been 12.5 percent better than May.

July car sales (16,778) jumped 6.4 percent over June (15,769) and were well above the average monthly volume of about 14,000 in the first five months of 1986.

July sales of light commercials rose 8.3 percent over June — to 7,499 from 6,881 — and compared with a monthly average of 6,000 earlier in the year.

However, July sales of medium and heavy trucks slipped 1.3 and 8.7 percent respectively from June. Although medium-truck sales in July remained well above the January-to-June average, the heavy truck figure (527) was less than the year-to-date average, causing continuing concern in the South African industry.

The January-July total for sales of all vehicle types was 153,292, 11.3 percent below the first seven months in 1985.

July was the first full sales month since the government's package of fiscal relief and stimulation measures were announced June 17; among other things, they eased the perks-tax burden on private use of company-owned vehicles.

Also contributing to better-than-expected July sales were pent-up replacement demand, new-model introductions, aggressive marketing and a high number of selling days during the month.

Most automakers expect the momentum to continue the rest of the year, with monthly car sales ranging between 15,500 and 17,500 units.

Not all auto companies are celebrating July's sales, however. Nissan car sales slumped 12.6 percent from June and its light commercials sales remained stagnant.

Samcor (Ford/Mazda/Mitsubishi) car sales slipped 10.1 percent, but that was expected since its June performance was inflated by new-model launches. However, the company's July figures of 3,604 cars and 1,401 light commercials were marked improvements over sales earlier this year.

July generally was a good-news month for U.S. interests. General Motors, after a steady but gradual recovery from a disastrous start this year, posted a 50-percent improvement from June to July with 1,934 car sales. GM also sold 1,501 light trucks in July, a 7.6-percent improvement over June.

Almost as sparkling were Volkswagen-Audi improvements to 3,604 car sales in July (up 34.4 percent over June) and 613 light commercials (up 26.9 percent).

Mercedes/Honda car sales in July climbed 10.4 percent to 1,460, but only minor gains were posted by BMW (1,234 cars, up 1.9 percent) and Toyota (4,000 cars, up 3.4 percent). Although Toyota remained the car-sales leader, its market share fell to 23.8 percent in July.

Second in July was Samcor with 21.5 percent of the car market. Close behind was VW, with 20.6 percent, the company's best performance in years.

VW's Golf/Jetta (2,994 units) even ousted Toyota Corolla (2,752) from the latter's hitherto unassailable No. 1 spot in model competition.

On a year-to-date basis, VW/Audi is the star of the 1986 car market with a share increase from 14.1 to 17.8 percent; despite a depressed market market, VW/Audi volume is 11 percent above last year.

BMW and Nissan also recorded slight volume gains, increasing their respective market shares from 6.4 to 7.6 percent and from 6.8 to 7.8 percent.

Toyota's year-to-date volume is slightly down, although its market share went up to 26.3 percent from 23.7. Samcor's share remained at 20.6 percent on a year-to-date basis.

The big volume and market share losers were Mercedes/Honda (down from 10.5 to 9.5 percent) and GM (down from 8.8 to 7.9 percent). ■

South African Car Sales, July 1986

	July 1986		June 1986		July 1985	
	Sales	Mkt. Share	Sales	Mkt. Share	Sales	Mkt. Share
Toyota	4,009	23.8	3,867	*24.5	4,170	23.6
Samcor	3,604	21.5	4,009	25.4	3,867	21.9
VW/Audi	3,462	20.6	2,575	16.3	2,276	12.9
GM	1,934	11.5	1,289	8.2	1,632	9.2
Mercedes/Honda	1,460	8.7	1,323	8.4	1,595	9.0
BMW	1,234	7.4	1,211	7.7	1,104	6.8
Nissan	1,073	6.4	1,227	7.8	879	5.0

South African Car Sales

	January-July 1986		January-July 1985	
	Sales	Market Share	Sales	Market Share
Toyota	26,946	26.3	27,501	23.7
Samcor	21,099	20.6	24,004	20.6
VW/Audi	18,259	17.8	16,453	14.1
Mercedes/Honda	9,762	9.5	12,258	10.5
GM	8,040	7.9	10,273	8.8
Nissan	8,007	7.8	7,914	6.8
BMW	7,768	7.6	7,391	6.4

WORLD NEWS BRIEFS

BHP buys BIEC

BHP Steel International Group, Coated Products — part of Australia's largest conglomerate — acquires Bethlehem International Engineering Corp. (BIEC) from Bethlehem Steel Corp. The new company, renamed BIEC International Inc., will be headquartered in Bethlehem, Pa. The sale includes patents for Galvalume, an aluminum/zinc-coated sheet used in automotive and other applications.

Japan buys laser crystals

Allied-Signal Inc. will start selling synthetic laser crystals in Japan through an agreement with Mitsui Petrochemical Industries Ltd. Allied subsidiary Synthetic Crystal Products, Charlotte, N.C., will export the crystals — which have application in lasers, acoustic wave filters, electro-optic devices and bubble memories — to Mitsui for distribution in the Asian market. Allied and Mitsui also are partners in a joint venture formed to manufacture and sell amorphous metal alloys in Japan.

Automated tire production

Goodyear Tire & Rubber Co. believes its purchase of British firm Engineering Consultancy Service puts it on the path to a tire-building system that could revolutionize the industry. ECS, a former Dunlop subsidiary, now known as Howdins Ltd., has been working on a fully automated tire-building system for nearly 10 years. Goodyear says the ingredients of a rubber compounding system developed by Howdins has to be processed only once compared to multiple processing in conventional equipment.

Nottingham gets test beds

The University of Nottingham has received three engine test beds from educational equipment manufacturer G. Cussons Ltd., Manchester, England. Installed in the engineering school, the beds are equipped with diesel engines and complement three other Cusson test sets used in studying gasoline engines.

Hagglunds buys hydraulics

A.B. Hagglunds & Soner, an Asea Group company in Ornskoldsvik, Sweden, will acquire Abex Denison Group, one of the world's largest hydraulics companies with production and marketing units in the U.S., Great Britain, France and West Germany, and sales companies in Italy, the Netherlands, Switzerland, Austria, Denmark and Sweden. Hagglunds makes hydrostatic drives; electro-hydraulic cranes, winches and cargo-handling systems for civilian and military vehicles; and marine and offshore markets.

Foreign parts for Toyota

Toyota Motor Corp., Japan, plans to import materials and equipment worth 70 billion yen from overseas markets in 1986. That's 7 billion yen more than last year's tab. The company recently started importing six more auto parts and accessories: floor mats from Viam (U.S.) and polishing liquid from McKesson (U.S.), to be marketed through dealers and parts distributors throughout Japan as accessories; door trim material from Lignotock (West Germany) for the door-trim core of small cars; propeller-shaft joints from Lohr & Bromkamp (West Germany) to be used in small cars; windshield glass from Voest Alpine (Austria) for Corolla cars sold in Europe; and tires from Bridgestone (Australia) for the Town-Ace minivan marketed in Australia.

Land Rover sales up

Chalk one up for Land Rover Ltd. Last July, the British off-road vehicle maker posted its best month for sales on the European continent. The company beat its previous record — set the month before — by nearly 30 percent. There were 911 Range Rovers and 397 Land Rovers sold on the continent in July, versus June's sales total of 1,007 vehicles. Year-to-date sales are up 34 percent on the continent, at 4,407 vehicles.

Jaguar breaks records, too

Land Rover isn't the only British vehicle maker to post sales gains. Jaguar Cars Ltd., of Coventry, produced a record 22,049 sedans and sports cars in the first six months of 1986, and retail sales in the U.S. reached record levels in the month of June. During that month, 2,504 Jags were sold in the U.S., compared with 1,713 cars for June of 1985. Jaguar reports it is "on target" to produce a record 42,000 cars this year.

British show times set

The British International Motor Show is set for Oct. 18-26 at the National Exhibition Center, near Birmingham, England. Hours are: Oct. 15-17, 9 a.m. to 7 p.m.; Oct. 18-25, 9:30 a.m. to 7 p.m.; Oct. 26, 9:30 a.m. to 5:30 p.m.

Will Big Four miss show?

Unless a last-minute agreement is reached between the organizers of Brazil's 14th Automobile Salon, scheduled to open Oct. 13, it will take place without the participation of Brazil's Big Four automakers: VW, GM, Ford and Fiat. Of the 38 Brazilian manufacturers of specialty and off-road vehicles who participated in the last Salon, six went out of business, 22 have confirmed their participation this year and the remaining ones are still negotiating.

From new to old

Because of big demand for new and used cars in Brazil, a shift in employment has developed. Many new-car dealers have dismissed their salesmen because they simply have no cars to sell. The more experienced salesmen have opened up used-car dealerships, and those with shop experience are buying and reconditioning wrecked vehicles — an activity that has become quite lucrative in Brazil.

Enasa automates

Spanish truck builder Empresa Nacional de Autocamiones (Enasa) has built a new 41,000-square-foot truck cab plant in Barajas, Spain. The plant connects with truck assembly lines using a fully automated trainsport system. Enasa officials say the new plant will simplify the production process, while laying the foundation for greater robotization and for a high-tech manufacturing process that Enasa is preparing with Dutch truck builder Daf.

Rockwell appointments

The Brake and Trailer Axle Division of Rockwell International Corp.'s Automotive Operations announces two appointments at its European manufacturing facilities. Willie Bevc has been appointed plant manager, Rockwell Bremsen, Alzenau, West Germany. He succeeds Ritchie A. Costley, who becomes managing director, Llay plant, Wales, U.K., for Rubery Owen-Rockwell Ltd. Rockwell Bremsen produces wedge- and cam-actuated brakes for heavy-duty truck markets worldwide. Rubery Owen-Rockwell's Llay plant provides truck trailer axles, suspensions and accessories for the European truck market. ■

AUCTION DATES

American Motors

Sept. 2 — High Point Auto Auction, High Point, N.C.

Sept. 3 — Columbus Fair Auto Auction, Columbus, Ohio; Mid States Auto Auction, South Bend, Ind.; and Kansas City Auto Auction, Kansas City, Mo.

Sept. 4 — Corry Auto Auction, Corry, Pa.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Evansville Auto Auction, Evansville, Ind.

Sept. 9 — Aptco Auto Auction, Taylor, Mich., and D-A Auto Auction, New Stanton, Pa.

Sept. 10 — Minneapolis Auto Auction, Plymouth, Minn., and Metro Milwaukee Auto Auction, Caledonia, Wis.

Sept. 11 — Northway Exchange, Clifton Park, N.Y.; Todd Auto Auction, Telford, Pa.; and Evansville Auto Auction, Evansville, Ind.

Chrysler Corp.

Sept. 3 — Minneapolis Auto Auction, Plymouth, Minn. (special sale)

Sept. 4 — Aptco Auto Auction, Taylor, Mich., and Clanton's Auto Auction, Darlington, S.C.

Sept. 9 — Arena Auto Auction, Chicago; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; NuCarPrep System, Santa Fe Springs, Calif.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Sept. 10 — Columbus Fair Auto Auction, Obetz, Ohio, and South Seattle Auto Auction, Kent, Wash. (special sale)

Sept. 11 — Fredericksburg Auto Auction, Fredericksburg, Va.

Ford Motor Co.

Sept. 3 — Northway Auto Auction, Clifton Park, N.Y.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Sept. 9 — Harrisonburg Auto Auction, Harrisonburg, Va.

Sept. 10 — Concord Auto Auction, Acton, Mass.

Sept. 11 — Arena Auto Auction, Chicago; Dallas Auto Auction, Dallas; and Southwest Auto Auction, Phoenix, Ariz.

General Motors

Sept. 9 — Dallas Auto Auction, Dallas, and Southwest Auto Auction, Phoenix, Ariz.

Sept. 10 — Atlanta Auto Auction, Red Oak, Ga., and Hatfield Auto Auction, Hatfield, Pa.

Sept. 11 — Aptco Auto Auction, Taylor, Mich., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Used Car Sales
Auction Averages

August, 1986	$5,237
Month ago	$5,196
Year ago	$5,172

Model Breakdown
Auction Averages

	AUG 1986	JUL 1986	JUN 1986
1986	$12,136	$12,574	$12,183
1985	$8,520	$8,522	$8,558
1984	$6,242	$6,259	$6,342
1983	$5,502	$5,501	$5,530
1982	$4,337	$4,358	$4,363
1981	$3,388	$3,396	$3,422
1980	$2,505	$2,528	$2,561
1979	$2,145	$2,164	$2,172
Overall Average	$5,237	$5,196	$5,194

58 auctioneers graduate

HIGH POINT, N.C. — Fifty-eight students graduated from the Mendenhall School of Auctioneering Aug. 15. Students hailed from 13 states and Nigeria. The next class will be Nov. 3-14.

Change in arbitration helps Mass. lemon law

BOSTON — Massachusetts' auto lemon law is working, thanks to a change from voluntary to compulsory arbitration that was made last April.

Since then, 80 percent of the cases which have gone to arbitration have been won by new-car buyers, according to Paula Gold, state secretary of consumer affairs.

Twenty-one motorists received refunds and one received a new car. Owners have won 33 cases in compulsory arbitration and the manufacturers have won eight.

Of the 33 cases won by consumers, 11 involved General Motors cars; seven, Chrysler; seven, Ford; and four, American Motors. One case each involved Mitsubishi, Isuzu, Yugo and Saab cars. Two cases being appealed involve Ford cars.

Volunteer members of the American Arbitration Association are trained by the state to preside at hearings. There have been 244 requests for arbitration, but a shortage of personnel has lengthened the processing time.

As defined by Massachusetts law, a "lemon" must contain a serious defect which impairs the vehicle's use, market value or safety. Under the strengthened law, dealers must put stickers on all new cars, spelling out consumers' rights. Gold said that about one-third of those checked by her office have complied.

The current lemon law for new cars gives buyers the right to a refund or a new car if they can show that their car has serious defects which the manufacturer cannot repair in a reasonable time. The law is effective for the first year of ownership or 15,000 miles.

Two situations must exist for the car owner to qualify for refund or replacement: The defect must still be present after three or more attempts to repair it, and repair attempts for a single defect or group of defects must take 15 or more business days.

The car owner must then give the manufacturer a last chance to fix the defect within seven days. If the defect is not corrected or if it recurs, the car owner is entitled to a refund or a new car.

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Lease-rental revenues top $52.4 billion

NEW YORK — Record revenues for the lease-rental auto industry in 1985 reached $52.368 billion, up 16.9 percent over 1984's $44.784 billion.

Hertz Corp., in its annual estimate, said total units in service also set a record, advancing 7.5 percent to 6,719,000 from the previous year's 6,249,000.

New cars and trucks entering lease-rental service rose 3.7 percent to 2,013,000 in 1985 from 1,941,000 in 1984. But new units last year fell below the 1978 record of 2,284,000, Hertz said.

The Hertz survey showed the average lease-rental vehicle age in 1985 edged up to 3.33 years from 3.22 years in 1984. Both were far above the 2.45-year average in 1972, the last year before the first Arab oil embargo. Average age of the nation's total 170.6 million vehicles on the road was 7.7 years in 1985, according to industry data.

Average annual mileage run by lease-rental units climbed 8.1 percent from an estimated 26,228 in 1984 to a record 28,367 in 1985. The previous record was 26,730 in 1978. That is far above the average mileage for the entire U.S. fleet, which was 9,675 in 1985 and 9,284 in 1984.

The report estimated total cars in non-personal service — business fleets and lease-rental fleets — were up 1.45 percent to 12,656,000 units in 1985 from 12,484,000 in 1994. Sales of new non-personal cars rose 3.2 percent to a record 5,145,000 in 1985, compared with 4,985,000 in 1984. Hertz figures for non-personal units include deliveries to organizations buying 10 or more units a year, plus sales to individuals driving more than 50 percent for business and to smaller business and government groups purchasing four to 10 vehicles.

The share of new lease-rental vehicles to total new-car and truck sales has grown from under one percent in 1950 to 14 percent last year.

Hertz said the number of firms in car or truck leasing or renting may be as high as 20,000.

FRANCHISES

FROM PAGE 1

which were not selling cars at the beginning of this year.

Those two makes also reflect the growing trend toward single-line import dealerships. They joined Mitsubishi in requiring a separate facility for their franchises, thereby promoting total exclusivity.

Many of the established makes, including the captive imports, added franchises in the first half of the year, which also helped to push the total higher.

The largest number of import franchises remained concentrated among the captives, with Chevrolet and its Spectrum/Sprint duo leading the pack, followed by Plymouth and Dodge with their Mitsubishi-built Vista, Conquest and Colt models.

Nissan reported the most franchises among the non-captive import makes, nosing out archrival Toyota 1,107 to 1,081 on July 1, although neither total included the separate distributorships in Hawaii.

The number of outlets selling imported vehicles in the U.S. also increased during the January-June period, again reflecting the addition of Hyundai and Acura points.

On July 1, the total number of retail outlets selling imported makes — alone or dualed with either other imports or domestic makes — was 16,810, up 2.6 percent from the revised total of 16,392 on Jan. 1, and up 7.92 percent from the 15,576 retail outlets selling imported makes on July 1, 1985.

The number of outlets handling a single imported make increased to 3,290 from 2,974 on Jan. 1 and 2,908 on July 1, 1985.

The leader in the exclusive category was Honda, with 655 solo outlets. The second highest total, 650, belonged to Toyota. Nissan was third with 593 exclusives, Subaru was fourth with 311 and Mazda reported 163 exclusive points.

Japanese-make franchises far outnumbered franchises of makes from other nations, although Japanese-make franchises accounted for 77.9 percent of the total on July 1 compared with 78.9 percent on Jan. 1.

West Germany's share of import franchises increased slightly to 11.8 percent from 11.7 percent at the beginning of the year.

Sweden's share remained unchanged at 3.7 percent. Italian-make franchises accounted for 1.9 percent of all import franchises, compared with 1.8 percent at the beginning of the year.

The French share dropped slightly to 1.3 percent from 1.4 percent. The United Kingdom's share rose to 1.7 percent from 1.6 percent.

IMPORT FRANCHISES

	July 1, 1986	Jan. 1, 1986
JAPAN	16,112	15,962
Chevrolet	5,035	5,050
Plymouth Captives	3,013	3,009
Dodge Captives	2,930	2,927
Nissan	1,107	1,101
Toyota	1,081	1,079
Honda	880	879
Subaru	806	810
Mazda	767	767
Mitsubishi	98	89
Acura	104	—
Isuzu	282	242
WEST GERMANY	2,435	2,372
Merkur	852	783
BMW	427	433
Mercedes-Benz	422	421
Audi	410	408
Porsche	324	327
SWEDEN	763	752
Volvo	410	407
Saab	353	345
ITALY	397	385
Gerbine	125	125
Alfa Romeo	161	144
Ferrari	43	42
Maserati	70	44
Lamborghini	8	10
FRANCE	277	286
Peugeot	277	286
UNITED KINGDOM	351	327
Jaguar	168	167
Rolls-Royce	59	50
Lotus	57	47
Aston Martin	16	13
TVR	53	41
YUGOSLAVIA	220	156
Yugo	220	156
KOREA	121	—
Hyundai	121	—
MISCELLANEOUS	15	15
TOTAL	20,691	20,235

IMPORT OUTLETS

1957 to 1986

Jan. 1, 1957	2,930
Jan. 1, 1958	11,409
Jan. 1, 1959	14,031
Jan. 1, 1960	14,674
Jan. 1, 1961	13,135
Jan. 1, 1962	11,894
Jan. 1, 1963	7,136
Jan. 1, 1964	5,249
Jan. 1, 1965	5,896
Jan. 1, 1966	6,013
Jan. 1, 1967	6,588
Jan. 1, 1968	7,156
Jan. 1, 1969	7,869
Jan. 1, 1970	8,311
Jan. 1, 1971	9,860
Jan. 1, 1972	12,375
Jan. 1, 1973	13,332
Jan. 1, 1974	11,246
Jan. 1, 1975	11,469
Jan. 1, 1976	10,414
Jan. 1, 1977	11,387
Jan. 1, 1978	17,374
Jan. 1, 1978	17,700*
Jan. 1, 1979	17,114
Jan. 1, 1980	16,919
Jan. 1, 1981	16,881
Jan. 1, 1982	11,270**
Jan. 1, 1983	10,011***
Jan. 1, 1984	10,098
Jan. 1, 1985	12,427
Jan. 1, 1986	16,392
July 1, 1986	16,810

*—Alltime high.
**—VW counted as domestic in 1982 and subsequent years.
***—Renault counted as domestic in 1983 and subsequent years.

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IMPORTED-CAR RETAIL OUTLETS

	July 1, 1986		Jan. 1, 1986	
Imported cars only:				
Exclusives	3,254		2,974	
Duals	1,291		1,176	
		4,561		4,150
Import-domestic duals:				
Domestics with captive imports	9,842		9,836	
Domestics with other imports	2,387		2,406	
		12,229		12,242
Total imported-car dealers		16,810		16,392

—Revised.
Note: Renault and Volkswagen are counted as domestic. Captive imports are Chevrolet Spectrum/Sprint, Dodge Colt, Chrysler Conquest, Plymouth Colt, Conquest and Vista, Merkur.

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STERLING

FROM PAGE 3

miles in Europe before it is shipped to the United States.

"Austin Rover did not do well in the United States, so there is no arrogance," Ketchledge said. "The ARG people have been very responsive on this product."

Even the Japanese-built air conditioning system in the Sterling was redesigned by ARG, according to Ketchledge.

Ketchledge said he is confident that Sterling will reach its sales goal of 25,000 cars in 1987. Part of that confidence stems from the high level of interest among dealers requesting Sterling franchises.

Ketchledge said ARCONA received about 1,100 applications for 145 franchises. To date, 130 dealers have been selected. Ketchledge said the remaining 15 will be named before November.

About 35 percent of the Sterling dealers are Cadillac dealers and about 20 percent are Audi dealers, Ketchledge said. The large percentage of Cadillac dealers is not surprising since ARCONA's majority owner, mega-dealer Norman Braman, holds several Cadillac franchises.

Dale Pollak, vice president and general manager of Pollak Cadillac, in Elmhurst, Ill., said Braman's credibility influenced his decision to apply for a Sterling franchise.

"We were not interested in another franchise until we heard about the opportunity through Ed Leibowitz (Braman's brother-in-law and partner)," said Pollak. "I figure if Leibowitz and Braman are behind it, it's got to be successful."

Some Cadillac dealers in the Sterling dealer group say the British car will offer a European alternative to Cadillac without hurting Cadillac sales.

"I think people have decided beforehand whether they are going to buy an American luxury car or an import," said C.M. Brooks, owner of Brooks Cadillac, in Scottsdale, Ariz. "The handling and driving are different. The Sterling is a sports-type car compared to the Cadillac. It's non-threatening to the Cadillac line."

DESIGN

FROM PAGE 1

Opel design management is in place, despite the losses. Its studios in Russelsheim, West Germany, are far from deserted.

There is more than one reason for the large-scale migration from the Ford and Opel design centers.

The basic reason is that the talent was there to begin with. A few decades ago, American automotive design centers were the first to be professionally organized in Europe. For many years, they have had the reputation of being the best organized — although not necessarily the most efficient or successful in selling their designs to top management.

For years, Ford sponsored young designers at schools in Great Britain and Germany and later employed many of them.

But though those young designers were provided with training, they were perhaps given few chances to make personal contributions to the company's product design. Understandably, they were frustrated.

When other European automakers recently decided to establish design studios, they went head-hunting. The time was right for designers to move.

VW is setting up a major design center in Germany's fashion-capital city, Dusseldorf, with le Quement in charge. He has 20 years' experience in design and management and speaks French, German and English fluently.

BMW has a new design center in Munich — a new company called BMW Technik Gmbh. Harm Lagay, former Ford design studio chief, is in charge.

Audi quietly had British designer Martin Smith open a small, independent studio in Munich, totally dedicated to Audi projects. It has set a new trend in design management by European carmakers.

Fiat and ItalDesign now also employ at least one designer previously employed by Opel (Bangle) or Ford (Luciano D'Ambrosio).

The aggressive head-hunting by those automakers found easy entry at Ford, which had announced a five-year plan to cut its workforce in all departments by 20 percent.

Ford reportedly first asked le Quement to move to the United States to get the American experience necessary to take Bahnsen's place when Bahnsen retires in a few years. But things didn't go well in the United States, and le Quement resigned.

His colleagues at Ford watched with disappointment and perhaps saw the prospect of receiving the same treatment.

Rebuilding the Ford team will take years.

But a Ford of Europe spokesman said that the migration of designers is "not unusual, except perhaps for its degree.

"In two raids upon us," he said, "BMW hired six of our people and Volkswagen hired five. We found that a rather flattering recognition of the fact that we had done a fair bit of trail blazing in Europe with Sierra and Scorpio as examples of airflow management."

The spokesman added, "It doesn't mean that any work has been held up. We can rotate people from Australia, the states, Germany and England."

Ford also helped set up a car-design course at the Royal College of Art in London. "We have a permanent pool of people coming through that course. The pot is being replenished," he said.

Commenting on the departure of his designers, Bahnsen said, "It is a tremendous compliment to our company and to myself that so many major industries seek the people who have been growing at Ford under my leadership."

Bahnsen added that he is not worried about the future. "On the one hand, we can trust our former designers as far as confidentiality is concerned, and we have the resources to replace them.

"In fact, this is an opportunity to let younger designers assume more responsibility and achieve higher rewards," Bahnsen said.

An Opel spokesman said, "We may have lost some good young designers, but we certainly haven't lost key people." He added that in design circles "some flux and attrition is healthy and necessary."

"Good designers are in short supply," the Opel spokesman said, and Opel studios were a natural recruiting ground for other companies.

There was a time, however, when GM or Opel designers felt they were in such a privileged position they would think 10 times before considering going elsewhere.

BRAZIL

FROM PAGE 1

the discontinuation of the Corcel, a medium-sized sedan pulled out of production in July.

The car is seen as an ideal candidate for the 1.8-liter Santana engine built by Volkswagen in Brazil, should ongoing talks between VW and Ford bear fruit. The two automakers announced in June they were holding discussions concerning possible collaboration in both the Brazil and Argentina. A decision on such a venture is expected by year's end.

Mazda parts also could find their way into the Nevada, sources said. Mazda is said to be interested in becoming a direct supplier to Brazilian carmakers. Mazda officials have met with Ford executives in Brazil several times in recent months, sources said.

Nevada could be a candidate for export to other markets. Brazil currently exports the Escort to European countries that are not members of the Common Market.

However, the 1.6-liter Escort engine has been modified for 1987 and as yet hasn't been authorized for sale in those markets. Ford Brasil said it is awaiting finalization of proposed changes to emissions laws in those countries before submitting the engine for validation.

PRODUCTION

Scheduled output seen up 2%, a 9-week high

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

As model changeovers and vacations tapered off at U.S. car assembly plants, last week's scheduled auto production was the highest in nine weeks.

Makers estimated output of 140,622 cars last week, the highest since the 175,718 assembled the week ended June 28.

Last week's total was 2.20 percent above the previous week's 137,592 and 3.76 percent more than the year-ago week's 135,522.

So far this year, 5,295,087 cars have been assembled, 5.27 percent below the 5,589,622 completed in the corresponding period last year.

Companies split last week's targeted output as follows: General Motors, 47.75 percent; Ford Motor Co., 28.03 percent; Chrysler Motors, 14.08 percent; Honda of America Manufacturing Inc., 4.10 percent; New United Motor Manufacturing Inc., 2.65 percent; Volkswagen of America, 1.42 percent; American Motors, 1.07 percent; and Nissan Motor Manufacturing Co. U.S.A., 0.90 percent.

GM's Wentzville, Mo., plant is expected to resume production tomorrow (Sept. 2).

GM did not schedule Saturday overtime at any of its car plants last week.

All Ford plants except Wixom, Mich., are slated for daily overtime this week.

On Saturday, overtime is scheduled for the following Ford plants: Edison, N.J.; Atlanta; and Chicago.

Chrysler's Belvidere, Ill., and St. Louis (No. 2) plants are slated for daily overtime this week.

Truck production advances

U.S. truckmakers scheduled production of 66,465 units last week, 11.42 percent more than the previous week's 59,650 but 4.60 percent below the year-ago week's 69,670.

Year-to-date, 2,381,812 trucks have been assembled, 3.29 percent more than the 2,305,910 completed last year at this time.

General Motors' Detroit plant is expected to resume production tomorrow (Sept. 2). The plant has been idle for model changeover.

All Ford Motor Co. plants except Twin Cities, Minn., and Lorain, Ohio, are slated for daily overtime this week (Sept. 1).

Ford's St. Louis plant is scheduled for overtime Saturday (Sept. 6).

Chrysler Motors' Warren, Mich., plant is slated for daily overtime this week.

More autos built in Canada

Canadian manufacturers scheduled production of 14,872 cars last week, 13.60 percent more than the previous week's 13,092 but 39.58 percent less than the year-ago week's 24,613.

So far this year, 691,373 cars have been assembled, 1.63 percent below the 702,863 completed last year at this point.

Last week's targeted production of 12,562 trucks was 3.41 percent below the previous week's 13,006 and 28.46 percent below the year-ago week's 17,560.

Year-to-date, 570,385 trucks have been built. The total is 98 less than the 570,483 assembled last year at this time.

General Motors' Oshawa, Ontario, plant No. 1 remains idle due to a parts shortage. Oshawa No. 2 resumed output last week.

GM's Scarborough, Ontario, plant and Volvo's Halifax, Nova Scotia, plant resumed output Aug. 25 after vacations.

CANADIAN CAR	Week Ended Aug. 30, 1986	Week Ended Aug. 31, 1985	Week Ended Aug. 23, 1986	Aug. 86	Jan. 1 to Aug. 31, 1986	Jan. 1 to Aug. 31, 1985
AMERICAN MOTORS	120	410	97	245	6,711	2,827
FORD MOTOR	10,231	11,362	11,262	42,828	332,159	346,508
GENERAL MOTORS	4,296	12,616	1,733	5,377	357,312	335,582
VOLVO	225	225	0	270	6,681	6,676
Total Cars, Canada	14,872	24,613	13,092	48,520	702,863	691,373

U.S. TRUCK*	Week Ended Aug. 30, 1986	Week Ended Aug. 31, 1985	Week Ended Aug. 23, 1986	Aug. 86	Jan. 1 to Aug. 31, 1986	Jan. 1 to Aug. 31, 1985
CHEVROLET	19,845	21,379	15,215	69,001	739,844	761,394
DODGE	3,808	4,614	3,889	14,115	149,582	95,688
FORD	28,400	34,330	27,089	115,453	792,485	953,392
GMC	5,520	7,198	4,000	23,769	249,071	242,437
INTERNATIONAL	1,300	1,642	1,610	6,378	50,670	47,741
JEEP	3,600	5,927	3,689	10,466	140,764	119,891
NISSAN	1,850	2,508	1,907	7,953	71,091	60,908
AM GENERAL*	50	50	50	210	1,690	1,712
MISCELLANEOUS*	2,300	2,088	2,300	9,890	62,800	77,740
Total Trucks, U.S.	66,465	69,670	59,650	257,097	2,305,910	2,381,812

CANADIAN TRUCK	Week Ended Aug. 30, 1986	Week Ended Aug. 31, 1985	Week Ended Aug. 23, 1986	Aug. 86	Jan. 1 to Aug. 31, 1986	Jan. 1 to Aug. 31, 1985
AMERICAN MOTORS	600	0	745	2,234	0	18,398
CHRYSLER	7,470	8,467	8,460	32,727	283,984	264,911
FORD	3,048	3,699	3,586	14,261	108,145	109,722
GENERAL MOTORS	488	6,818	0	559	190,330	172,031
INTERNATIONAL	156	229	185	715	8,024	6,323
Total Trucks, Canada	12,562	17,569	13,006	50,496	570,485	570,385
N. American Trucks	78,027	87,239	72,656	307,593	2,876,395	2,952,197

*—Estimated. **—Included only 200 Sprints assembled at Canadian affiliate of Suzuki. Japanese-assembled Geo Prizm, Nova sedan, Nova hatchback, Toyota, Tempo/Topaz, Mercury Cougar and Ford Thunderbird also are sold in Canada. Sunday estimates may contain some of cars or trucks made due to rescheduling.

U.S. CAR	Week Ended Aug. 30, 1986	Week Ended Aug. 31, 1985	Week Ended Aug. 23, 1986	Aug. 86	Jan. 1 to Aug. 31, 1986	Jan. 1 to Aug. 31, 1985
AMERICAN MOTORS	1,500	2,804	1,463	5,868	75,732	36,991
Renault Total	1,500	2,804	1,463	5,868	75,732	36,991
Alliance	1,500	2,089	1,463	5,868	48,177	33,644
Encore	0	715	0	0	27,561	3,347
CHRYSLER MOTORS	19,800	22,905	24,455	84,008	574,915	606,919
Plymouth Total	7,300	8,705	8,759	30,045	254,840	272,902
Horizon	3,000	2,982	3,729	14,343	99,094	115,500
Sundance	900	0	1,088	3,478	0	9,339
Reliant	2,800	3,153	2,729	8,343	111,194	105,300
Caravelle	500	534	662	2,419	32,696	30,242
Gran Fury	300	226	543	1,462	11,862	12,521
Chrysler Total	4,500	7,153	8,067	20,172	262,787	278,086
Laser	0	987	0	0	35,167	27,239
LeBaron	600	691	784	1,967	63,994	65,859
LeBaron GTS	1,900	2,198	1,311	3,859	63,219	46,099
New Yorker/E-Class	900	972	1,118	3,754	45,777	51,203
Fifth Avenue	2,000	2,307	2,854	10,781	76,551	87,686
Dodge Total	8,000	9,047	9,629	30,791	339,392	345,931
Daytona	0	740	0	0	32,851	30,807
Omni	3,000	2,627	3,711	14,682	96,385	111,308
Shadow	800	0	955	3,072	0	9,305
Aries	2,000	2,841	2,282	6,340	92,426	82,429
Dodge 600	700	846	716	2,570	43,805	46,326
Lancer	600	1,334	742	2,086	44,460	35,130
Diplomat	900	659	1,243	5,031	24,424	27,437
FORD MOTOR	39,413	32,316	40,304	144,594	1,120,898	1,196,588
Ford Division	27,138	21,837	27,628	97,219	743,817	817,933
Escort	7,631	6,792	8,025	33,361	221,675	259,176
EXP	0	0	0	0	3,836	0
Mustang	3,613	4,136	3,958	8,517	118,685	128,445
Tempo	4,264	3,996	4,312	16,310	126,747	133,145
LTD	0	3,467	0	0	142,898	0
Taurus	9,210	0	8,962	27,867	0	192,586
Thunderbird	2,020	3,424	2,303	11,115	122,851	104,477
Crown Victoria	0	0	0	0	7,122	0
L-M Division	12,275	10,479	12,664	47,375	376,846	378,655
Mercury Total	9,087	7,192	9,464	34,359	267,301	262,982
Lynx	1,454	1,120	1,428	5,997	49,187	44,101
Capri	727	373	643	1,413	12,735	12,381
Topaz	1,071	1,200	1,118	4,241	38,385	39,550
Cougar	2,888	2,736	3,331	12,923	90,245	86,941
Marquis	0	1,761	0	0	72,041	0
Sable	2,936	0	2,964	9,775	0	79,900
Grand Marquis	0	0	0	0	4,733	0
Lincoln Total	3,188	3,287	3,200	13,017	109,545	115,773
Continental	319	452	322	1,311	17,897	12,891
Lincoln	2,391	2,465	2,356	9,753	79,508	88,834
Mark VII/III	478	370	478	1,953	12,143	16,048
GENERAL MOTORS	67,151	71,341	59,066	183,915	3,332,903	2,812,780
Buick Total	13,701	17,235	12,852	42,837	681,745	520,582
Skyhawk	1,589	1,581	1,497	4,857	73,276	58,045
Century	3,072	5,202	3,228	9,290	182,365	160,132
Regal	1,565	2,861	1,198	5,839	88,790	42,039
Skylark (X-car)	0	0	0	0	40,958	0
Somerset/Skylark	2,277	2,318	1,606	4,922	62,077	74,549
LeSabre (fwd)	5,000	0	3,918	13,969	0	98,887
LeSabre/Electra(rwd)	278	434	302	1,430	88,038	10,391
Electra(fwd)	0	3,672	0	219	89,922	98,102
Riviera	0	1,137	1,133	3,012	45,335	19,467
Cadillac Total	4,971	4,994	6,355	22,500	243,945	220,187
Cimarron	448	0	112	788	19,070	16,986
Cadillac (rwd)	2,328	0	2,161	6,365	30,048	57,917
Deville (fwd)	2,195	2,939	2,864	8,679	115,848	108,712
Eldorado	0	1,363	641	2,281	51,744	18,513
Seville	0	692	577	2,289	27,235	17,077
Chevrolet Total	23,008	24,977	18,220	51,733	1,108,488	855,954
Chevette	2,535	2,635	2,503	5,098	112,352	66,099
Camaro	3,340	2,932	2,510	5,859	142,376	121,519
Cavalier	8,318	9,117	8,447	18,843	333,340	271,001
Celebrity	0	1,884	0	364	185,561	162,723
Citation	0	0	0	0	28,698	0
Monte Carlo	3,455	2,448	2,522	10,710	94,442	80,001
Chevrolet	4,758	5,228	4,591	8,341	176,384	137,048
Corvette	840	1,052	647	1,301	31,127	17,593
Oldsmobile Total	13,025	15,767	11,821	38,138	822,535	693,110
Firenza	831	1,306	720	2,517	43,075	25,917
Calais	2,463	2,631	1,612	4,788	100,964	79,221
Cutlass Ciera	2,048	4,711	1,789	8,709	242,249	174,704
Cutlass Supreme	1,136	4,319	731	4,311	155,464	88,342
88 (fwd)	3,982	0	4,297	10,980	0	222,352
98 (rwd)	360	0	328	1,282	159,044	13,031
Olds 98	2,186	2,106	1,903	7,254	94,366	75,499
Toronado	0	684	441	1,760	27,270	14,045
Pontiac Total	12,336	8,378	9,788	27,705	448,251	522,937
Acadian**	0	252	453	453	8,715	10,317
Fiero	1,404	1,436	671	2,075	75,675	48,407
1000	627	461	855	1,617	21,208	13,409
Firebird	1,840	953	1,466	4,843	76,777	75,083
2000 Sunbird	2,932	1,746	2,800	7,025	94,822	91,371
Grand Am	4,008	1,701	3,296	8,619	84,539	146,856
6000	1,477	511	0	2,086	38,365	97,065
Parisienne	248	1,595	227	1,178	50,160	42,429
HONDA	5,765	2,765	5,534	22,852	102,967	137,858
NISSAN	1,262	1,341	957	2,548	19,315	24,065
NUMMI*	3,731	1,900	3,731	15,670	29,082	135,532
VOLKSWAGEN	2,000	0	2,072	4,072	63,836	54,354
Total Cars, U.S.	140,622	135,522	137,592	483,547	5,589,622	5,295,087
Total Cars, Canada	14,872	24,613	13,092	48,520	702,863	691,373
N. American Cars	155,494	160,135	150,684	532,067	6,292,485	5,986,460
N. American Trucks	78,027	87,239	72,656	307,593	2,876,393	2,952,197
North American Cars and Trucks	234,521	247,395	223,340	839,660	9,168,878	8,938,657

*—Estimated volumes. **—All Aradenas are built for sale in Canada. Sunday estimates may contain some of cars or trucks made due to rescheduling.

Yugo grosses $122 million in first year

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Yugo America reported sales of $122 million during its first full year of operation, which ended July 31.

William Prior, president of the company, said last week that wholesale vehicle sales totaled 27,000 units. That amounted to $109 million, including port-installed accessories. Parts and accessories sold to dealers accounted for the remaining $13 million.

Prior said he would not give out a profit figure but termed it a "few million." Yugo is a privately held company.

The company created a stir last year when it introduced its $3,990 Yugoslav-built subcompact.

After initial favorable publicity, the company received some negative comments but they apparently did not affect sales.

Prior also said the company has launched its national television advertising campaign, using the theme, "Everybody Needs A Yugo Sometime." Each commercial has a toll-free telephone number, and Prior said responses have averaged 1,600 calls a day.

The advertising is strictly network and stresses the "broad appeal" of the car, Prior said.

The company has completed its 220-member nationwide dealer network. Yugo also made some additions to its headquarters operations, creating a corporate planning department.

Prior said the company is studying the feasibility of forming a financial subsidiary and finding alternative sources — such as Japan and Taiwan — for some Yugo components that are made in the United States.

He said a company study revealed that nearly a third of Yugo retail paper is being carried by the financial arms of the Big Three domestic auto manufacturers.

Vehicle output sets monthly record in Japan

TOKYO — Motor-vehicle production in Japan during July increased 3.7 percent over the year-ago total to a new monthly record of 1,147,428 units. The total surpassed the previous high of 1,143,548, set in October 1985.

According to the Japanese Automobile Manufacturers Association, the month's production consisted of 744,994 cars, an increase of 9.5 percent over the year-ago total; 398,598 trucks, down 4.7 percent; and 3,836 buses, down 52.1 percent.

Knockdown units totaled 112,249 during July, an increase of 27.6 percent.

JAMA said July's production record was the result of the automakers boosting inventories to compensate for August's summer vacations and brisk car sales.

JAMA said it is doubtful whether output would continue to increase because of worsening export conditions, including the yen's appreciation against foreign currencies and voluntary restrictions of car exports to the European Economic Community.

Domestic sales in July increased 3.2 percent, while export demand declined an estimated 5 percent.